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SUBJECT: NIGER: POL/ECON UPDATE FOR DECEMBER 1 - 21, 2008

¶1. The following is an Embassy Niger compilation of political and economic highlights for the first three weeks of December 2008 not otherwise covered in mission reporting. This report covers the following issues:

-- PNA Convenes; Jackou Declares Presidential Candidacy;
-- SONITEL Employees Demonstrate Against DG, Interference;
-- AREVA Director General Visits; Uranium Sales Discussed;
-- IFC VP Calls on Pres. Tandja; Uranium Investment Funded;
-- Extractive Industries Transparency Initiative Kicks Off;
-- Sahara Conservation Fund Visits re Addax Habitat; and
-- Tuareg Political Party Meeting Held.

PNA Convenes; Jackou Declares Presidential Candidacy

¶2. On November 29, the opposition Parti Nigerien pour l'Autogestion (PNA) - Nigerien Party for Self-Reliance - held its fourth convention. In his opening remarks, the party's president, Sanoussi Jackou, praised the party's achievement in gaining national stature despite 11 years of opposition standing. He said the PNA's convention occurred at a critical moment in Niger's political life, as some political and associative groups are taking a stand regarding possible changes to the country's constitution. Jackou stated, "We should consider this electoral issue as a historical opportunity for us to promote a democratic alternation...(via) democratic, just, and fair elections."

¶3. The convention passed a resolution selecting Sanoussi Jackou as its candidate for the 2009 presidential election. Jackou, a member of the National Assembly, is an academic as well as one of Niger's key political figures. He was Minister of African Integration (1996-1997) and Minister of Higher Education (June-November 1997). He was Member of Parliament in 1993-1994, 1995-1996, 1999-2004, and 2004 to the present.

SONITEL Employees Demonstrate Against DG, Lack of Pay

¶4. On December 11, National Telecommunications Company (SONITEL) workers staged a protest march to hand in a petition intended for the Prime Minister. Demonstrators called for the resignation of the company's director general, the termination of the contract between the Government of Niger and the company's major shareholders (the Chinese ZTE and the Libyan LAAICO). They also requested that the National Assembly's investigative commission publish its findings on SONITEL's management and investments. SONITEL's unions claim the firm lost 40 billion CFA (\$80 M) in investments, denouncing it as a betrayal of the people of Niger. The unions further stated that SONITEL had not kept current on salary payments due to its financial problems, thus denying them the ability to provide for their families on the holy day of Id Al-Adha (Tabaski). On December 13, four major trade union confederations - the Union of Nigerien Trade Unions, the Democratic Confederation of Nigerien Workers, the Nigerien Labor Confederation, and the General Union of Nigerien Workers issued a statement supporting their telecommunication affiliates.

AREVA Director General Visits; Uranium Sales Discussed

15. Anne Lauvergeon, Chief Executive of French state-controlled Areva, visited Niamey to participate in Niger's Republic Day festivities and to support ongoing negotiations for the massive new uranium mine at Imouraren. Areva's current uranium exports from mines at Cominak and Somair are Niger's primary source of foreign exchange, and when fully operational, the \$1.4 billion new project would make Niger the world's second largest producer. Lauvergeon met with President Tandja on December 19 and appeared on state television later that day to confirm that Areva will press ahead with the project despite falling uranium prices and the faltering global economy. In January 2008, Areva and GON signed new agreements that increased by 50% payments for the production of Areva's current mines at Cominak and Somair.

IFC VP Calls on Pres. Tandja; Uranium Investment Funded

16. On December 15, Thierry Tanoh, Vice President of the International Finance Corporation (IFC), called on President Tandja during Tanoh's first visit to Niger. The IFC seeks to support Niger's private sector, including agribusiness, and Tanoh sought President Tandja's support for implementation of reforms identified in the IFC-World Bank Investment Climate Report that would facilitate private sector development in Niger.

17. On December 17, the West African Development Bank, Sonibank, and BSIC-Niger signed an agreement to provide 15 billion CFA (\$30 M) funding to uranium producer COMINAK for a two-year investment project designed to increase production from 450,000 to 600,000 metric tons of ore per annum. COMINAK owns and operates the uranium mine at Akouta, Niger and is jointly owned: 34% by AREVA (France), 31% by Onarem (Government of Niger), 25% OURD (Japan), and 10% ENUSA

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(Spain).

Extractive Industries Transparency Initiative Kicks Off

18. On December 5, the Permanent Secretary of the Extractive Industries Transparency Initiative (EITI) - Niger presented the organization's Plan of Action and priorities for 2008-2010 at a meeting with numerous representatives of donors and international financial institutions. The Director General of the Prime Minister's Office convened the meeting, which was sponsored by the Ministry of Foreign Affairs and Cooperation. The GON has signed a number of high-value exploration and development contracts for petroleum and minerals in recent months, but has been less than forthcoming about the actual terms of those contracts; donors actively seek greater transparency.

19. The EITI - Niger project will not focus on terms of the GON - private sector contracts, but rather on providing better information on financial flows by reconciling government receipts with private sector data on actual payments to the government. In both cases they will use audited figures (which implies considerable delay) and will aggregate income from different firms rather than provide information on the contribution of individual companies. EITI representatives commented that civil society's role is to advocate for better use of government revenues from extractive industries, and that the information provided by the project will facilitate this. The information developed will be available on the group's website. A major portion of the \$800,000 two-year budget for the EITI - Niger project will be funded by the World Bank, although additional funds are sought. The World Bank representative at the meeting pressed for the EITI - Niger project to provide more information on the terms of the contracts themselves and on the methods of payment.

Sahara Conservation Fund Visits re Addax Habitat

110. Sahara Conservation Fund representative John Newby visited Niger from Switzerland recently to review habitat preservation for the addax, an endangered open-desert antelope indigenous to Niger. There is an established protected habitat area in the northwest of

100 sq km where roughly 200 addax live; their habitat is threatened by oil exploration-related activities, such as the security presence, use of vehicles, and firing of weapons in the Chinese exploration and development blocks, although Newby does not regard resource development as conflicting with habitat preservation. Inter-ministerial coordination, however, is important to preventing hunting - either by locals or hunters from Libya, Qatar, or the UAE. Rainfall has been good in recent years, with vegetation cover improving to the benefit of the addax.

Tuareg Political Party Meeting Held

¶11. On the 18th anniversary of the Union for Democracy and Social Progress (UDPS) party, a predominantly Tuareg political group, the party's executive board made a public statement regarding its internal as well as national and international political affairs. UDPS requested a speedy completion of national voter register in compliance with laws and regulations, said it strongly supports respect for the constitution and would challenge any violation or attempt to violate constitutional provisions, and called upon President Tandja to protect the foundation of Niger's nascent and fragile democracy by preventing any misrepresentation of the constitution. UDPS indicated that the persistence of the armed conflict in the north hinders economic and social activities and deals a heavy blow to peace and societal welfare. UDPS called on parties to the conflict to "favor candid and sincere dialogue for a rapid and final resolution of this painful and deadly confrontation." UDPS further urged the government to exercise "more vigilance" in granting research and exploitation permits, "which up to now do not very much take into consideration the occupied pasture spaces."

ALLEN